

SPECIFIC FEATURES OF HUMAN RESOURCE PLANNING IN THE CZECH METALLURGICAL COMPANIES

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Abstract

Latest high unemployment rates may cause an impression that companies have a larger pool of available labor force to choose from now, and this way they may more easily recruit the required staff for less money. Nevertheless, the real situation does not completely meet this expectation. The most significant obstacle caused by an unbalance between the demanded and available work force as for the qualification exists not only in metallurgical industry. A major goal of this paper is to introduce the weaknesses in the qualification and age structure of human resource in the Czech metallurgical industry and to define the trends and specific features of systematic human resource planning, which could limit these weaknesses.

Keywords: human resource, structure, planning, qualification

1. INTRODUCTION

The Czech Republic, as well as other EU countries, has been struggling with high unemployment rates for several years. The most heavily affected regions include Moravia-Silesia, where unemployment was started especially by the downsizing of mining and metallurgical industry more than 20 years ago, where mass layoffs are still taking place at this time. The outcome of the decline in employment is that many dismissed employees from these two sectors have entered the labor market over the last two decades and, due to this fact as well, the Moravian-Silesian region has been struggling with above-average rate of long-term, the hardest to solve, type of unemployment for several years. Another negative impact of the developments in the metallurgical industry has been the gradual decline of interest in studies of these kinds of professions, both at secondary schools and at universities. That is why, after waves of layoffs, we are facing a paradox situation, when smelting plants are facing a more and more dramatic shortage of skilled workforce in the form of qualified graduates from secondary schools, as well as universities.

An increasing dynamics of the economic changes, the opening and interconnection of economies, the arrival of foreign investors and the overall increase of the factors affecting employment have deepened the dislike and distrust, of not only of metallurgical enterprises, in the tools of medium and especially long-term human resource planning. The companies have suppressed systematic, long-term plans and forecasts and have replaced them with operational plans and tools such as agency employment. The unexpected global crisis has even intensified this trend.

This objective of this article is to present the situation in the field of human resource in the Czech metallurgical industry and to define the specifics of management and human resource planning in this area.

2. HUMAN RESOURCE PLANNING

Human capital is a key factor of competitiveness of a company. If a globalized economy company has to compete, its management must have prerequisites for qualified decision making, i.e. especially the ability to systematically and critically conceive the decision problems. [1] Ensuring that the company has the required number of employees at the right time at a reasonable cost, with the required knowledge, skills and experience,

is the job human resource planning deals with. It is a systematic, continuous search for harmony between the objectives, vision and strategy of the company and the reality of the labor market. [2] Even according to Armstrong [3], human resource planning combines three basic activities, namely recruiting the right number of people with satisfactory skills, their appropriate motivation to performance, and building links between business objectives and planning. Human resource planning is a process that is based on the identification (forecasting) and comparison of current and future need in terms of human resource. The starting point of this activity must be a strategic plan of the company and, above all, the goals set by the company. A human resource plan will use the strategic plan as the basis to set out the concrete human resource requirements and to create a plan how to satisfy these requirements. [4] Another definition defines human resource planning as a process in which the organization tries to define the demand for human resource and to assess the amount, form and sources of job offers to satisfy these requirements. [5] Optimal deployment of staff in internal company departments and in individual positions is an integral part of human resource planning. Human resource planning traditionally involves the strategies of recruitment, selection, retention and training of employees, as well as the tools necessary for monitoring and control of absence and fluctuation of employees. The most difficult phase of human resource planning in the conditions of the changing market environment is to determine the needs of employees, i.e., to estimate a perspective amount and structure of work positions necessary to meet the planned production goals. A slightly simpler phase of planning is estimating the possibilities of satisfying the needs of employees. [6]

3. FACTORS OF HUMAN RESOURCE PLANNING

Human resource planning, as well as other company activities, is affected by various internal and external factors.

The internal factors include:

- Demand for of new company methods and technologies of work and production implementation - the requirements of the revised plans of training and development of existing employees or a plan of recruitment of new workers.
- New skills - as mentioned before, they can be required also as the result of the previous factor. Companies can consider moving to new foreign markets - this would mean planning of language lecturers and forms of employees teaching. More staff may be required in distribution when the company grows and the plans must take this fact into consideration as well.
- Necessity of outsourcing some processes - which means that some employees will be soon dismissed.
- High fluctuation rate - which often indicates something change in HRM and the related plans as well.
- Employee ageing - knowing the age structure can help managers plan the future and also ensures that the company meets any legislation requirements.
- Workforce profiles - company needs to update them so that managers can view and monitor the types of employees working for the company. They usually describe details such as qualification, age, gender, ethnicity and study availability. [7]

The external planning factors influencing the company from the outside and their direct control include:

- Supply of labor - What are the trends of the area the company is engaged in? Is there any particular trend in that area?
- Labor costs - The cost of labor, as a percentage of the other costs within a company, will depend on whether the business is capital or labor intensive, as well as on the extent to which the skills needed by that organization are available and accessible.
- Government policy -as well as changes to education policies can lead to gaps in skills, or gaps in skills being addressed.
- Labor market competition - When a company plans its workforce requirements for the future, so do other companies within the same industry. There may not be enough skilled employees for all companies, so

they may need to offer more money to attract the right people, however, it needs to manage the funds well to make a profit.

- Changing the nature of work - Trends such as flexible working hours, working from home, part-time jobs, or more healthy working environment are now common at many workplaces.
- Impact of automation - This addresses the changes in technology over time and how this affects organizations - such as the Internet and email, no need of phone operators, customers entering their own details online.
- Demand for products and services - A company may have to adjust or change its HR requirements or workforce levels based on the natural changes in demand for goods or services. [3]

4. HUMAN RESOURCE IN CZECH METALLURGICAL INDUSTRY

Metallurgy is highly demanding sector of industrial production as far as the material and energy consumptions are concerned [8], nevertheless, the human resource represent a very important source of competitiveness even in this field, as they decide about the utilization of capacities and investments, and the people work with expensive production equipment and inputs. Metallurgical and foundry companies are significantly concentrated in the Moravian-Silesian Region, both in terms of production and employment. During the last twenty years, these industrial sectors have slowly but successfully tackled low productivity and insufficient technological sophistication; however, it was not executed without mass layoffs. The arrival of foreign investors in this field at the beginning of the new millennium has initiated profound changes, and during a six-year period they led to a rapid increase in production (2000-2006 by 75%), but they also meant another, twenty percent decrease in employment.

The necessary technological leap has not produced almost any changes in the educational structure of employees in metallurgical and foundry industries. Secondary education is still sufficient for a prevailing majority of work positions and the qualification requirements have increased only slightly. The most frequent groups of professions in metallurgy and in basic metal manufacturing are the machine and equipment operators and skilled craftsmen (see **Table 1**).

Table 1 The most frequently represented sub-groups of professions in basic metal manufacturing and in metallurgical industry (2008) [9]

| Name of profession sub-group | Share of the profession sub-group on the employment in the field (%) |
|--|--|
| Operators of metal processing equipment | 21 |
| Blacksmith, tool makers, locksmith and workers in similar fields | 17 |
| Technicians in physical, technical and similar fields | 11 |
| Operators of agricultural, forest, earth and lifting and similar mobile equipment | 6 |
| Moulders, welders, manufacturers and repairers of metal-sheet products, diving crews and workers from similar fields | 5 |

The chances of finding employment in these professions in the period of 2009-2013 exceeded the chances of other professions, showing that the demand of employers from metallurgical industry companies for skilled labor force was higher than in other sectors. As far as the existing employees in this field are concerned, the most frequently represented group of professions in this field - the group of workers operating metal-working machines in industry - is facing slightly unfavorable development, as well as the prospect from the perspective of the employers. More than one third of these employees were over 50 years of age back in 2008. The declining numbers of new students and graduates in these fields of study have made this disparity even worse.

For example, in the academic year of 2011/2012, only 27 and 5 students have successfully completed maturita field of study of metallurgical production, secondary manufacturing and foundry production, and only 9 students with a vocational certificate from the field of metallurgist, metallurgical worker in the whole Czech Republic. [10]

The age structure of employees in the company of TŘINECKÉ ŽELEZÁRNY a.s. in 2013 has confirmed this negative trend. Employees under 25 years of age accounted for only 5% of all employees and only 15% were up to 35 years of age. In contrast, the largest age group consisted of employees over 50 years of age with 35%. [11]

5. ACTUAL ISSUES OF HR PLANNING AND SOLUTIONS

During human resource planning, Czech metallurgical companies should take into account the key issues defined in Chapter 4 and focus more deeply on the following areas:

Lack of skilled labor force

The most effective solution of the problem was found by two large employers from metallurgical industry which had opened their own educational institutions, where they can control the orientation and motivation of future graduates:

- 1) In 2008, VÍTKOVICKÁ STŘEDNÍ PRŮMYSLOVÁ ŠKOLA A GYMNÁZIUM was the first dedicated company school in the Czech Republic. [12]
- 2) SECONDARY PROFESSIONAL SCHOOL OF TŘINECKÉ ŽELEZÁRNY was founded by TŘINECKÉ ŽELEZÁRNY a.s. in 2011. The school offers tailor-made courses for TŘINECKÉ ŽELEZÁRNY and its subsidiaries. [13]

If the graduates of both schools will not find application within the groups of their founders - VÍTKOVICE MACHINERY GROUP and TŘINECKÉ ŽELEZÁRNY - MORAVIA STEEL, they are available for other companies from the sector, which, for financial or other reasons, did not establish their own school. Both large manufacturing groups have easier human resource planning for several years ahead than other companies in the industry. Company ArcelorMittal Ostrava a.s. has not established its own school to prepare the future employees yet, but, like TŘINECKÉ ŽELEZÁRNY a.s., it has developed a Trainee Program for university and secondary school graduates. Most companies that are dependent on the medium-skilled labor force have been cooperating together with primary education level.

Age structure of employees

Thanks to the disparity among the age groups described in Chapter 4, the current problem of metallurgical enterprises is the area of management of education and motivation of different generations, the so-called age management. Age management or management taking into account the age of the employees aims at promoting a comprehensive approach to addressing the demographic situation and the demographic changes in the workplace. The measures, whose implementation into human resource plans is essential, must especially ensure that every worker has an opportunity to exploit his/her potential and will not be handicapped because of age. The main principles of age management include especially good knowledge of the age structure of the society and the firm, fair attitude towards aging, understanding of the individuality and diversity and the application of strategic thinking. The result is the improvement of the working conditions and the quality of life (not only) of older workers, but also a chance for the company to exploit the potential of workers of all age groups.

Talent management

Enterprises have been more and more aware that learning and development of human resource is crucial for the formation and stabilization of the professional and loyal workforce as a major competitive advantage over other companies. Talent management is a never ending process that newly emphasizes steps, such as performance management (more sophisticated system of former evaluation of employees), succession planning and critical skills gaps analysis. These steps must necessarily be taken into account in the human resource plans for at least a year in advance, as their successive application would be ineffective, and only perfect planning of the links of the individual activities of human resource management (including plans, recruitment, adaptation, remuneration, training, etc.) can achieve an effective development and implementation of employees in the company. Talent management is a "forward-looking" function. Metallurgical enterprises in the region have not had a complex approach to talent management yet, but they are aware of its importance.

Agency employment

Agency employees are a cheaper solution of fluctuations in sales than permanent employees. However, this is often reflected in their motivation and performance and, consequently, in the performances of all teams. That is why a company should evaluate the impact of the use of agency workers in the workplaces and incorporate it into the calculation of the total expenses on these workers.

If a company hires agency workers, it has the advantage of the opportunity to try a larger number of workers directly during work for a longer period of time, before deciding to hire some of them permanently. The problem is that the best rated agency workers are aware of their potential and they leave the agency at first opportunity, even if they know that, after some time, they could be recruited in the existing company under permanent contract. These losses of talent should be avoided and the production company should set up measures in the area of talent management even for agency employees.

Monitoring of statistical indicators and competition

Monitoring the available statistical indicators outside the company can draw attention to the trends in the area of employment, which must be included in the planning for more years in advance. The necessary monitoring statistics should include the previously mentioned indicators of newly accepted students in the required fields. The foundation of own secondary schools would be meaningless if companies did not promote and did not address students as early as at primary schools. But because they are still children, it is important to focus directly on their parents. Other statistics that need to be monitored are the wage indicators. As a company plans its workforce needs for the future, so do other businesses within the same industry. If there are not enough skilled employees for each company - which is the case of metallurgical brand - this may mean extra incentives including the remuneration ones being offered. Offering more money to attract the right staff, however, must respect the available funds and competitive cost of production.

CONCLUSION

Medium and long term human resource planning was, like many other areas of planning, replaced with dynamic, operational approach to solving these requirements. But in the area of human resource, ignoring any part of the long-term strategies is big mistake. Employees cannot be dismissed, replaced or reconstructed or improved from day to day, as it is the case with technical equipment. On the contrary, successful companies continuously monitor the performance and motivation of their employees. They constantly forecast and plan how to increase their efficiency, while maintaining their motivation and loyalty. These companies also monitor the situation on the labor market, at their competitors and in legislation, and they also introduce these aspects into their human resource plans to minimize surprises and emergency solutions of problems.

Despite the animosity to long-term human resource planning, there are several persisting factors in the area of human resource, where long-term planning, particularly in this sector, is necessary. These are interrelated problems, whose solution lies in monitoring the statistics of students in professions specifically requested in metallurgical industry, the evaluation of these data and the adoption of measures, such as establishing long-term cooperation with schools, from the primary ones to the highest level. The associated measures focused on addressing the issue of the increasing average age of the employees by means of the so-called age management are also important nowadays, as well as the inclusion of the tools of new approach to human resource management, represented by talent management.

The good news is that, especially the largest metallurgical companies in the region have been aware and have been successfully dealing with the monitoring and qualification gaps of potential employees for many years, thus partly helping to solve the qualification problems of the other companies in the sector. That is why it can be assumed that the same responsible approaches will also be used in the implementation of the proven and complex tools of age management and talent management in the form of their human resource plans.

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